

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3781-03
BILL NO.: Truly Agreed to and Finally Passed SCS for HB 1659
SUBJECT: Economic Development; Taxation and Revenue; Transportation.
TYPE: Original
DATE: May 8, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0 to \$3,500	\$0 to \$22,500	\$0 to \$23,000
Local Economic Dev. Sales Tax Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	\$0 to \$3,500	\$0 to \$22,500	\$0 to \$23,000

*** This proposal is permissive and would have no fiscal impact without voter approval.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	Unknown	Unknown	Unknown

*** This proposal is permissive and would have no positive fiscal impact without voter approval.**

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Act authorizes Hickory County to vote to impose a tourism tax.

In response to similar legislation from this year, officials of the **Department of Revenue (DOR)** and **Department of Economic Development (DED)** stated this legislation authorizes Hickory County to implement and collect a sleeping room tax. DOR and DED have no administrative responsibility and therefore no fiscal impact to their agencies.

Officials of **Hickory County** stated that this proposal is permissive. However, if voter approval was received, this legislation would provide funds to promote tourism for the Pomme de Terre Lake area.

Oversight assumes that this proposal is permissive. Voter approval is required before any county governing body would be authorized to implement a tourism tax. However, there would be fiscal impact if the governing body of a county would seek and receive voter approval to impose a tourism tax.

Act allows the Cities of St. James, Bloomfield, Mexico, New Madrid, Caruthersville, and the counties of New Madrid, and Stoddard to impose tourism taxes

Officials of the **Department of Economic Development- Division of Tourism** stated that this proposal would have no fiscal impact to their department.

Officials of the **Department of Revenue** assumes that the local governments would collect their own tax, therefore, the Department of Revenue would have no administrative responsibility or fiscal impact.

Officials of the **City of St. James** estimate the sleeping room tax would generate income of \$25,000 for 10 months of FY 2001; \$30,000 in FY 2002; and \$30,000 in FY 2003. Officials estimate administrative costs of collection for 10 months of FY 2001 at \$500; \$600 in FY 2002 and \$600 in FY 2003. Officials assume this proposal is permissive and would require voter approval before the tourism tax could be imposed.

Act allows the governing body of Kirksville to impose, subject to voter approval, a sales tax on retail sales for the purpose of funding local economic development projects

ASSUMPTION (continued)

Officials from the **City of Kirksville** stated this part of the proposal would allow the city to use sales tax proceeds to fund the local portion of a city-state highway improvement project. The City of Kirksville estimated a 1/2% sales tax will generate \$1,100,000 in the current fiscal year and forecast a growth rate of 2%. They also estimate election costs to the City of \$6,000.

Officials from the **State Treasurer's Office**, the **Department of Economic Development**, and the **Department of Transportation** assume this part of the proposal will have no fiscal impact on their respective agencies.

The **Department of Revenue (DOR)** state this part of the proposal authorizes an economic development sales tax for funding a transportation corporation in Kirksville. The DOR assume this proposal will not cause an administrative fiscal impact to their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of such proposal not being passed by voters, to a full one cent sales tax being passed by the voters in November, 2000. Oversight assumed the earliest possible effective date of such a sales tax would be April, 2001, with one month collection lag, therefore only two months of revenue are estimated for FY 2001.

Act to expand personal liability for the collection of taxes to include tourism tax.

Officials of the **Department of Revenue (DOR)** state this legislation expands personal liability for the collection of the tourism tax in Branson and the Lake of the Ozarks areas. This is a locally collected tax and DOR projects no impact.

Officials of the **Department of Economic Development (DED)** state this proposal would not fiscally impact their agency.

Officials fo the **City of Branson** assume this proposal will allow them to collect previously unpaid or uncollectible taxes. The City estimated the increase in revenue from this proposal to be roughly \$75,000 a year.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Income</u> - to General Revenue Fund	\$0 to	\$0 to	\$0 to
1% collection fee - Kirksville Tax	\$3,500	\$22,500	\$23,000

LOCAL ECONOMIC DEVELOPMENT SALES TAX FUND

<u>Income</u> - Local Sales Tax proceeds	\$0 to	\$0 to	\$0 to
Kirksville tax	\$346,500	\$2,227,500	\$2,277,000

<u>Costs</u> - Transfer to City of Kirksville	\$0 to	\$0 to	\$0 to
	(\$346,500)	(\$2,227,500)	(\$2,277,000)

ESTIMATED NET EFFECT ON LOCAL ECONOMIC DEV. SALES TAX FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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CITY OF KIRKSVILLE

<u>Costs</u> - Elections costs	\$0 to	\$0	\$0
	(\$6,000)		

<u>Income</u> - Proceeds from local sales tax	\$0 to	\$0 to	\$0 to
	<u>\$346,500</u>	<u>\$2,227,500</u>	<u>\$2,277,000</u>

ESTIMATED NET EFFECT ON THE CITY OF KIRKSVILLE*	(\$6,000) to	\$0 to	\$0 to
	<u>\$340,500</u>	<u>\$2,227,500</u>	<u>\$2,277,000</u>

* This proposal is permissive and would require voter approval before the sales tax would become effective.

**CITY OF BRANSON AND
LAKE AREA BUSINESS DISTRICT**

<u>Income</u> - to City of Branson and the Lake area Business District	Unknown	Unknown	Unknown
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FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act authorizes Hickory County to vote to impose a tourism tax of not more than five percent on the charges for all sleeping rooms paid by transient guests of hotels and motels to fund tourism activities in the county.

Section 67.1360 of this proposal allows the Cities of St. James, Bloomfield, Mexico, New Madrid, Caruthersville, and the counties of New Madrid, and Stoddard to impose tourism taxes not to exceed five percent per occupied room per night for the promotion of tourism. The tax is subject to a vote of the people in each community.

Section 144.157 of this proposal would expand personal liability for the collection of taxes to include tourism tax. Tourism tax statutes do not currently provide that the individual responsible for filing the taxes is personally liable, as is the case in state sales taxes. This would expand the individual liability to Branson and the Lake Area Business District tourism taxes.

This bill also allows the governing body of Kirksville to impose, subject to voter approval, a sales tax on retail sales for the purpose of funding local economic development projects. The sales tax may be approved at the rate of one-quarter of 1%, one-half of 1%, three-quarters of 1%, or 1% of the receipts from taxable retail sales within the city. Revenue collected from the sales tax, less 1% for the costs of collection, is to be deposited by the Director of Revenue into the Local Economic Development Sales Tax Fund. The tax will terminate as approved by the voters.

This proposal would also expand personal liability for the collection of taxes to include tourism tax. Tourism tax statutes do not currently provide that the individual responsible for filing the taxes is personally liable, as is the case in state sales taxes. This would expand the individual liability to the Lake area business district which includes Camden, Miller and Morgan counties as well as Branson and the Lake Area Business District tourism taxes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

City of Kirksville
Department of Revenue
Department of Economic Development
Department of Transportation
State Treasurer's Office
Hickory County Administrator
City of Branson
City of St. James

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is fluid and cursive, with the first name "Jeanne" being more prominent than the last name "Jarrett".

Jeanne Jarrett, CPA
Director
May 8, 2000